



Thursday, February 01, 2007

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**Austin Energy
RECOMMENDATION FOR COUNCIL ACTION****ITEM No. 5**

Subject: Approve a resolution authorizing (1) the negotiation and execution of an agreement with the City Public Service Board of San Antonio ("CPSE") to jointly acquire land, options for land, and related water rights at a site in Matagorda County, Texas, (2) the purchase, whether jointly with CPSE or otherwise, of such land, interests in land, and related water rights, and (3) such other agreements as may be necessary to accomplish these transactions.

Amount and Source of Funding: Request for funding confidential pursuant to Texas Government Code Sections 551.086 and 552.133, and Council Resolution 20051201-002.

Fiscal Note: Fiscal note confidential pursuant to Texas Government Code Sections 551.086 and 552.133, and Council Resolution 20051201-002.

**Additional Backup
Material**

(click to open)

☐ Resolution**For More Information:**

Boards and Commission Action: The Electric Utility Commission was briefed, no vote was taken or recommendation made. (Related to item #42)

Austin Energy has determined that projected load growth in its service territory will require it to develop new baseload generation capacity to meet future customer demand. Austin Energy also believes that there currently exists a limited and diminishing number of locations within ERCOT that are available and feasible for siting such a facility. The planning, development, and construction of a generating station is a multi-year process. Because it is certain that the need for additional baseload generating capacity will arise, Austin Energy believes that it is prudent and advisable to begin now the process of purchasing property and other related rights in order to keep available the greatest range of options for acquiring needed capacity.

Austin Energy has been in discussions with San Antonio's municipal utility, CPSE, to jointly acquire this property and related rights and to possibly jointly construct a future generating station, thereby reducing our acquisition, construction, operation, and maintenance costs. Austin Energy therefore proposes to enter into an agreement with CPSE to proceed on a joint basis.

The proposed transaction does not specify or require any particular type of generating station, if any, to be built. Any decisions on this issue will be subject to further Council approval.

RESOLUTION NO. _____

WHEREAS, the City Council has determined that increasing customer demand for electric service in the Austin Energy service territory will eventually require Austin Energy to develop new baseload generation capacity; and

WHEREAS, the City Council has determined that there are a limited and decreasing number of suitable locations for the construction and operation of a baseload power plant; and

WHEREAS, it is necessary and prudent for Austin Energy to plan for the acquisition or development of new baseload capacity to meet the needs of its customers and the citizens of Austin; and

WHEREAS, the planning, permitting, and construction of a baseload power plant is a multi-year endeavor, and the evaluation and acquisition of land is an essential and preliminary part of such endeavor; and

WHEREAS, the City Council believes it is prudent to begin acquiring land and other rights for the possible development of a baseload power plant should that option become the best means of acquiring additional baseload capacity; **NOW, THEREFORE,**

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BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

1. That the City Manager is authorized and directed to purchase land, options for the purchase of land, and related water rights at a site in Matagorda County, Texas, for the purpose of constructing and operating a baseload power plant should the Council later authorize such a project, and to obtain all permits, rights, and licenses necessary for the construction and operation of such a project;

2. That the City Manager may enter into one or more agreements with the City Public Service Board of San Antonio for the joint acquisition and/or ownership of the property, and may enter into such other agreements as may be necessary or advisable to accomplish the purposes of this resolution;

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3. That the City Manager shall regularly report back to the City Council regarding the progress of the acquisition efforts;

4. That the property acquired pursuant to this resolution shall never be used for the construction or operation of any generation unit that employs coal-burning technology other than "clean coal" technology.

ADOPTED: _____, 2007

ATTEST: _____

Shirley A. Gentry
City Clerk

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